



## **Advisor Resources Package**

competence area 4

**competitiveness &  
sustainable local business  
development**

developed by **INFODEF**



Co-funded by the  
Erasmus+ Programme  
of the European Union

# Advisor Resource Package: **introduction**

Addressed to:

- Sustainable tourism advisors
- VET providers
- Small tourism providers

offers a set of eight blended learning resources to support tourism and local development through the promotion of sustainable and efficient use of natural, cultural and economic resources in watercourse regions.





# competitiveness & sustainable local business development: **about competence area 4**

Tourist companies offer services that cause variable impacts in the balance between people, planet and business benefits. It is extremely important to expand knowledge about the different practices to promote business competitiveness associated with sustainable development at the local level. This competence area describes the knowledge, skills, and attitudes the sustainable tourism advisor must acquire and develop to guide small tourism providers in watercourse regions to find the balance between business competitiveness and sustainability in their local businesses.



# competitiveness & sustainable local business development: **in this competence area you will learn how to**

- define sustainable competitiveness
- differentiate between ESG criteria and Corporate Social Responsibility
- establish the relation between the ESG criteria and the SDGs
- exemplify why the ESG criteria (Environmental, Social and Corporate Governance) are relevant for small tourism providers
- outline the role of destination management (DM) as a universal strategic approach for attaining competitive advantages
- relate competitiveness and social responsibility in local development through sustainable tourism practices in watercourse regions
- advise small tourism providers, in watercourse regions, on the advantages of incorporating ESG criteria in their local business
- raise awareness on applying sustainable business techniques to increase the competitiveness of local tourism companies

# Competence area 4: **guidance**



In this section you can find knowledge-based contents presenting key factual and conceptual information about the topics covered by the **competitiveness & sustainable local business development** competence area

Sustainability is a **societal goal** that broadly aims for humans to safely co-exist on planet Earth over a long time. Sustainability is commonly described along the lines of three dimensions (pillars): environmental, economic and social. Many publications state that the **environmental dimension** should be regarded as the most important one. The most dominant environmental issues since 2000 have been climate change, loss of biodiversity, loss of ecosystem services, land degradation, and air and water pollution.

## Sustainability

Competitiveness is defined as the ability to generate **greater consumer satisfaction** by setting a price or the ability to offer a lower price given a certain quality. Conceived in this way, it is assumed that the most competitive companies will be able to assume a greater market share at the expense of less competitive companies, if there are no market deficiencies that prevent it.

## Competitiveness

Sustainable competitiveness is the ability to generate and sustain **inclusive wealth** without diminishing the future capability of sustaining or increasing current wealth levels.

Competitiveness today should be reached without compromising the possibility of competitiveness tomorrow. The concepts of social and environmental sustainability are linked to that of competitiveness.

## Sustainable competitiveness



Corporate social responsibility (CSR) is a self-regulating business model that helps a company be socially accountable to itself, its stakeholders, and the public. By practicing corporate social responsibility, also called corporate citizenship, companies can be conscious of the kind of impact they are having on all aspects of society, including economic, social, and environmental.

## Corporate Social Responsibility (CSR)

ESG stands for environmental, social and governance, the three most important non-financial factors for a company. It is a strategic and analysis approach that is very widely used by institutional investors and analysts to evaluate **sustainability performance**. Society and stakeholders are increasingly asking for information on how companies manage issues relating to sustainability.

## Environmental, Social and Corporate Governance (ESG)

Environmental criteria are used to analyse a company's contribution and performance with regard to **environmental challenges**, such as greenhouse gas emissions, protecting biodiversity, water resources and deforestation. In other words, metrics are used to evaluate companies' environmental impacts and their efforts to reduce them.

## Environmental criteria

Social criteria are used to evaluate companies' relationship with their **social environment** (employees, local communities and people in general), considering aspects like employment, health, safety and diversity. They reflect, to a large extent, the company's corporate values and strengthen existing links with communities.

## Social criteria

Governance criteria are related to **companies' governance mechanisms**, shareholder rights and executive management responsibilities. They are used to examine companies' decision-making processes, their organisational structure, control mechanisms and compliance systems, among other aspects.

## Governance criteria



Local development is based on the identification and use of the resources and endogenous potentialities of a community, neighbourhood, city, municipality or equivalent. It can be defined as a process of transformation of the local economy and society, oriented to surpass the difficulties and existent challenges. It seeks to improve the conditions of life of the local population by means of actions concerted between the different local agents, social, public and private, towards an efficient and sustainable use of the existent endogenous resources

## Local development

A stakeholder is a party that has an interest in a company and can either affect or be affected by the business. The primary stakeholders in a typical corporation are its investors, employees, customers, and suppliers.

However, with the increasing attention on corporate social responsibility, the concept has been extended to include communities, governments, and trade associations.

## Stakeholder

# Competence area 4: **tutorials**



In this section you can find a set of self-explanatory task-cards, specifically designed to provide real-world challenge and supply the practical information to develop your competences on **competitiveness & sustainable local business development**

# Task card 1: linking ESG criteria and the SDGs

# outline

Since 2015 companies within the Travel & Tourism sector are putting forward efforts to commit or **align with the SDGs**. This commitment to sustainability becomes a claim for both clients and potential investors, and business owners must learn to report their contribution to SDG based on ESG criteria.

This action card aims to support the **sustainable tourism advisor** in aligning the sustainability actions issued by businesses operating in watercourse regions (ESG) with the SDGs and in showing business owners how to communicate the actions undertaken.



# Action 1: research on ESG

**Step1:** go to YouTube and write “ESG criteria and why they are important” in the search engine

**Step2:** view any of the videos in the language that is most convenient for you

**Step3:** reflect on the relationship of the ESG criteria with the SDGs that you already know



## Action 2: **reflect and define**

**Step1:** make an initial diagnosis of what the company does in relation to ESG

**Step2:** define the ESG objectives of the company: goals, indicators and data to be reported

**Step3:** define an ESG data collection and analysis system



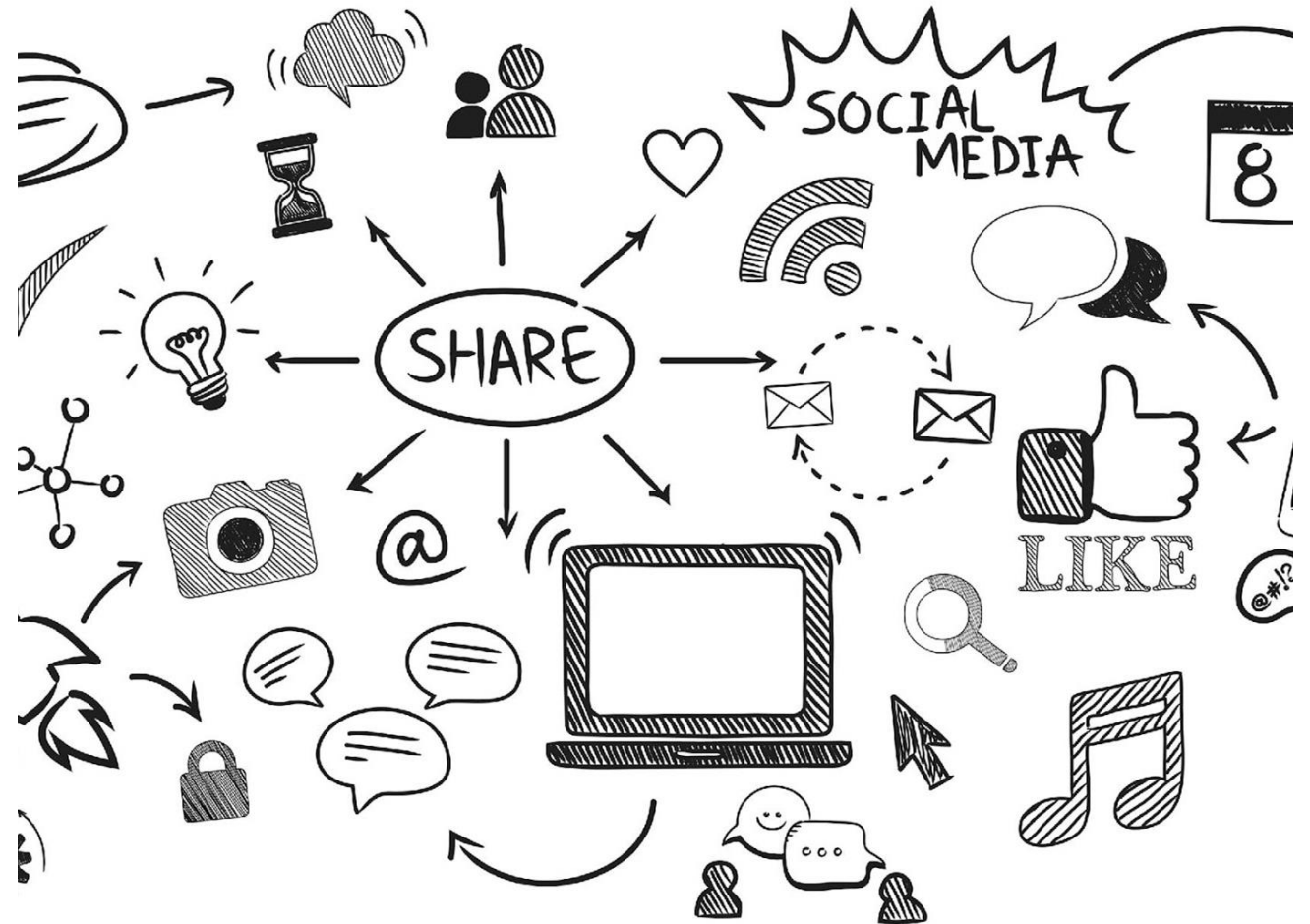
source: Image by Freepik

# Action 3: **communicate what you do**

**Step1:** choose effective communication channels

**Step2:** choose the right data and indicators

**Step3:** Choose the ESG topics that you are going to communicate environmental, social and governance



source: Image by rawpixel.com on Freepik

This action card helps you to understand the concept behind the ESG criteria and its direct relationship with the SDGs. You should be able to define the point at which the company is located and establish objectives to be achieved, as well as the indicators that will measure compliance with them. Get to know more about relevant topics to report ESG:

- **ENVIRONMENTAL:** Climate change, natural resources, pollution and waste, environmental opportunities
- **SOCIAL:** Human Capital, Product Responsibility, Stakeholder Activism
- **GOVERNANCE:** Composition of the board of directors, remuneration, accountability, ethics and fiscal transparency

## summary

# Task card 2: combining competitiveness and social responsibility





# outline

In the tourism industry, firms are adopting sustainable forms of tourism, such as eco-tourism, green tourism, environmentally friendly travel and alternative tourism. The tourism industry can only prosper by committing to sustain the resources that attract tourists.

Companies are progressively integrating sustainable development into their growth strategies for both ethical and profitable reasons, especially if they are to continue attracting the younger, socially active customer.

This action card aims to support the **sustainable tourism advisor** in guiding the small tourism provider in combining **competitiveness and social responsibility** in local development through sustainable tourism practices



# Action 1: **Do some research**

**Step1:** learn about Sustainability and Social Responsibility (CSR) and think how it should affect your business

**Step2:** assess areas of improvement by learning the laws, checking compliance and assessing global issues

**Step3:** find opportunities, innovate, get employee input and self-reflect



source: Image by gpoinstudio on Freepik

# Action 2: create a Vision

**Step1:** find your company's passion and focus on possible impacts

**Step2:** be specific about your business' vision and create a separate vision for each business section

**Step3:** define your sustainability model's terms so employees can take ownership of your overall vision



source: <Image by rawpixel.com on Freepik



# Action 3: implement changes

**Step1:** communicate clearly across the entire company

**Step2:** change policies assuring they comply with the sustainability plan

**Step3:** review performance through specific and measurable goals

**Step4:** get feedback



source: Image by Freepik

If the small tourism provider is ready to develop his/her small business sustainability plan, the sustainable tourism advisor will be there to help. With these three actions to sustainability based on going above and beyond mere regulatory compliance, the tourism provider will be equipped to make his/her business more up to date and efficient. After the three actions to sustainability are taken, the tourism provider will have to make sure he/she can substantiate his/her sustainability claims before going public with the environmental advantages of the products or services offered.

Then he/she will be ready to let people know about his/her small business sustainability plan.

## summary

# Competence area 4: **hands-on resources**



In this section you can find scenario-based situations designed specifically to illustrate how **competitiveness & sustainable local business development** competence area can be put in practice by small tourism providers



*source: Image by TravelScape on Freepik*

## Scenario 1: addressing SDGs, ESG criteria & competitiveness

The owner of a holiday complex is willing to integrate ESG criteria in his business, as they can be a differentiating factor.

The government of the region in which he operates his business is promoting a plan to align regional development with the SDGs and he wants to adhere to the regional plan, but he is wondering how he can integrate his business' ESG strategy at the same time.



## Scenario 1

The owner of a holiday complex located next to a lake develops his business by offering different activities to visitors.

He has long understood that turning his business into a **sustainable and environmentally friendly business** could be a differentiating factor with respect to other competitors in the area, so is willing to integrate ESG criteria to also attract investors.

The government of the region in which he operates his business is promoting a plan to align **regional development** with the SDGs and he is willing to involve his business in the regional plan but does not understand how to align this with the ESG criteria to be adopted in his business.

The first thing that the business owner does is to investigate so he can clearly understand the **differences** between SDGs and ESG criteria:

- **SDGs** are global goals set out by the United Nations, whereas ESG criteria is a rating system used by companies to measure their environmental and social credentials.
- **ESG** measures how well a company is performing in terms of its social and environmental responsibilities throughout its supply chain and operations (as opposed to looking at the wider context of human rights).
- **SDGs** are time bound, i.e., they must be achieved by 2030, whereas **ESG** focuses on long-term solutions and is more high-level than the SDGs, which focus on specific targets around the world.

## Scenario 1

**ESG** encourage businesses to improve their environmental and social credentials to attract investment through their **stakeholders** by:

- ✓ Environmental footprint: greenhouse gas emissions, waste of water and energy usage.
- ✓ Social impact: labor standards, pay equality and diversity in the workforce.
- ✓ Financial performance: financial stability, shareholder returns.
- ✓ Community contribution: charity work, local employment and local environmental projects.
- ✓ Governance: board structure, leadership, risk management and internal controls.

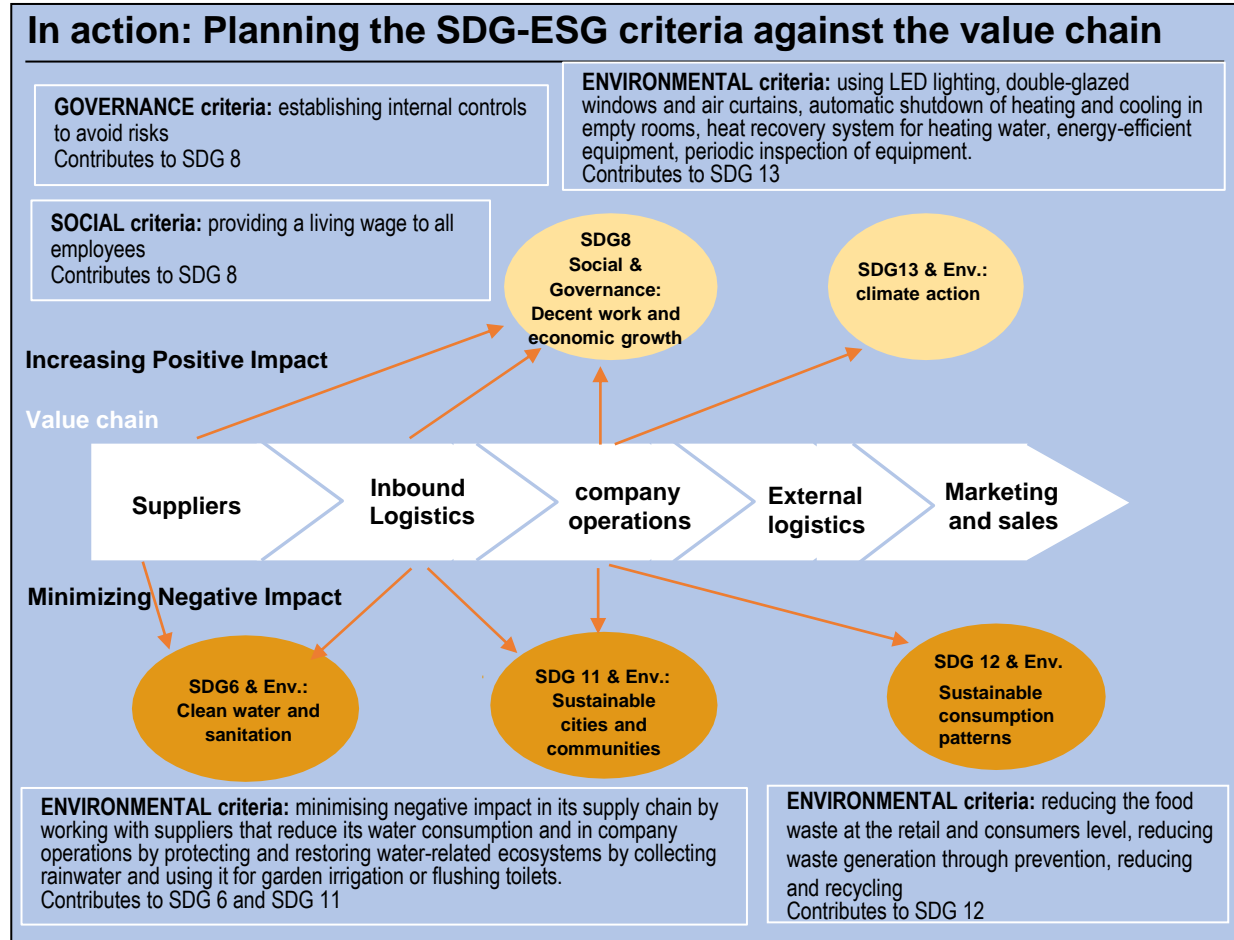
## Scenario 1

Now the business owner is ready to plan the ESG to be incorporated to his business by:

1. Defining **priorities** based on an assessment of their positive and negative current and potential impact.
2. Setting **goals** by aligning company goals with the ESG criteria
3. Integrating **sustainability** into the core business and governance and embedding sustainable development targets across all functions within the company.
4. Reporting and communicating the **information** on sustainable development performance using common indicators and a shared set of priorities.

# Scenario 1

- Establishing sustainability goals and relating them to ESG criteria.
- Correlating ESG criteria with SDG to align with the regional government's plan



ESG criteria must be **quantifiable and measurable** to develop the company's ESG report.

Once the ESG Objectives of the company have been established, the entrepreneur must:

- Specifically establish the goals, indicators and data to be reported.
- Define an ESG data collection and analysis system. There are various platforms on the market. He will be able to adopt one of them or to establish his own data collection mechanism.
- Assign a responsible team. This will have the mission of promoting the transversality of the ESG strategy. Quantify performance, assess risks, and monitor stakeholder expectations.

The final stage consists of **publishing the results and progress achieved** by the ESG plan. To do it properly, the company must consider three aspects:

- Choose the **effective channels**: website, sustainability reports, quarterly or annual reports, proxy statements or earning calls, depending on who the target audience is (investors, consumers or government institutions).
- Be **Transparent**: informing which actions of the ESG plan are moving forwards or backwards, and by how much, in a sincere manner.
- Choose the **right data and indicators**, whether they are qualitative or quantitative. It is recommended to adhere to existing standards.



# Scenario 1: addressing SDGs, ESG criteria & competitiveness

- Should the business owner involve the company's staff in the deployment of the planned objectives and goals ?
- What specific indicators could be measured and what mechanisms could be used to quantify them?
- How can having a sustainability plan based on ESG criteria benefit the company's competitiveness?

# Scenario 1: addressing SDGs, ESG criteria & competitiveness

## TRY to

- **THINK:** Define what you want, which can be reflected in the company's Mission, Vision and Values
- **DO** what you think, from an initial diagnosis and establishing measurement mechanisms
- **SAY** what is being done: establish the necessary communication channels, both internal and external
- Designate a **RESPONSIBLE TEAM** to inform all staff properly and get them involved

## AVOID

- Setting vague and/or unrealistic goals, giving the impression that the object of what is to be implemented is not very well known
- Involving only a selected group of employees in the process
- Confrontation with the community or relevant stakeholders. Some objectives have a social dimension in which external actors participate and should be encouraged to share in our vision



*source:* "Restaurant and lake, Hamilton Flower Garden, NZ" by Jim 03 is licensed under CC BY-NC-SA 2.0. To view a copy of this license, visit <https://creativecommons.org/licenses/by-nc-sa/2.0/?ref=openverse>.

## Scenario 2: improving competitiveness through sustainability

The owner of a small luxury hotel and restaurant wants to improve the image of her business by using Corporate Social Responsibility criteria, but she fears that this will affect the productivity of the business.

After learning about CSR and how it differs from other concepts, such as ESG criteria, she gets down to work and devises a plan that is widely accepted.

## Scenario 2

The owner of a small luxury hotel and restaurant, very popular for the quality of the services offered, is very grateful to her customers and the community of which she is a part for the support her business receives and considers that she should give back to society in one way or another. However, she is concerned about how this might affect the competitiveness of her business.

After doing some initial research on the matter, she comes across two concepts that seem related, but that turn out to be very different: **Corporate Social Responsibility (CSR)** and **Environmental, Social and Governance (ESG) criteria**.

## Scenario 2

She understands the key differences between **CSR** and **ESG**:

- CSR focuses on corporate volunteering, lowering carbon footprint, and engaging with charities
- ESG provides a quantitative measure of sustainability
- ESG considers environmental, social, and governance factors and improves the valuation of the business
- CSR helps inform others about the values and goals of the business
- CSR should be incorporated by thinking about the culture of the business
- ESG should be incorporated by setting measurable goals that could be audited

## Scenario 2

Since she is not so interested in the quantitative valuation of her business as in its social contribution, she decides to apply **CSR criteria** and starts working with her team on the measures they can adopt.

One key issue raised by the personnel of the restaurant was the daily **food wastage**.

Food loss and food waste is a global issue and has an enormous impact on climate change. Optimizing the Food and Beverage (F&B) offering of the hotel could therefore benefit both environment and business.



## Scenario 2

But since the hotel is a luxury hotel, adopting a sustainable F&B approach is a challenge, since they only want to offer the highest quality food.

Finally, the hotel set the objective to create a sustainable F&B concept, which would have a maximum sustainability approach while supporting the hotel's high-end positioning.

As for the concept to be implemented, it had to fulfill all the hotel's requirements. It was proposed a holistic concept called: **LeftLovers, a pop-up restaurant** to be in the middle of the green park of the hotel, serving creatively transformed by-products from the hotel.



## Scenario 2

For example, the leftover rice from the Sushi Take-Away is transformed into crispy rice balls or the home-made lemonade is created from orange peel. To avoid food waste, the French fries are made from unpeeled potatoes, Ketchup and mayonnaise are served from glass bottles instead of plastic packaging and the meals are served on biodegradable plates.

For partner products, attention is paid to organic and climate-neutral production, short delivery routes, and sustainable farming.

This new approach not only improves the **social image** of the business, but also **expands the range of customers** that can be reached by taking advantage of resources that would otherwise be wasted.

# Scenario 2: improving competitiveness through sustainability

- What other measures related to CSR could the business owner adopt?
- In what ways does promoting the business' CSR increase the tourists' awareness?
- Will measures such as those taken by the hotel restaurant serve to make people aware of the need to incorporate a sustainable diet?

# Scenario 2: improving competitiveness through sustainability

## TRY to

- Do a good research on the different possibilities before starting to develop the plan
- Involve company staff to contribute ideas and expose the problems presented by the different sections of the business
- Promote the measures adopted, both with the aim of improving the image of the business and attracting new customer segments

## AVOID

- Developing overly ambitious plans that could jeopardise their sustainability
- Leave employees out. New services and improvement measures can be doomed to failure if employees do not commit to them
- Implement any plan without first carrying out a cost-benefit analysis, both from a social and economic point of view

# Competence area 4: **practical tips**



In this section you can find a checklist of points to adopt **competitiveness & sustainable local business development** practices in local tourism businesses

Familiarise yourself with the different concepts associated with business sustainability, such as ESG criteria or Corporate Social Responsibility (CSR)

## **Practical tip 1**

Plan the possible actions to be carried out and never start them without having first developed a good cost-benefit analysis, both from an economic and a social point of view

## Practical tip 2

Involve employees in the design and development of the plan itself. They can always contribute ideas and are the ones who best know the problems of the different services offered

## **Practical tip 3**



Measure results, both qualitative and quantitative. Different mechanisms such as forms or surveys can be used to assess the satisfaction of both the public and employees with the measures adopted

## Practical tip 4

Establish a good communication policy.  
Make sure to achieve maximum dissemination of the planned actions, both internally and externally, to reach more customer segments, especially those willing to pay more for more sustainable services

## Practical tip 5

# Competence area 4: **useful reading**



In this section you can find a list of relevant online resources to help you go further on **competitiveness & sustainable local business development**

## **Competitiveness**

[www.tutor2u.net/business/reference/competitiveness](http://www.tutor2u.net/business/reference/competitiveness)

## **Corporate social responsibility**

[www.investopedia.com/terms/c/corp-social-responsibility.asp](http://www.investopedia.com/terms/c/corp-social-responsibility.asp)

## **ESG**

[www.robeco.com/en/key-strengths/sustainable-investing/glossary/esg-definition.html](http://www.robeco.com/en/key-strengths/sustainable-investing/glossary/esg-definition.html)

## **Difference between CSR and ESG**

<https://t.ly/-mYt>

## **Local development**

[https://en.wikipedia.org/wiki/Local\\_development](https://en.wikipedia.org/wiki/Local_development)

## **Stakeholders**

[www.investopedia.com/terms/s/stakeholder.asp](http://www.investopedia.com/terms/s/stakeholder.asp)

## **Sustainability**

[www.becas-santander.com/en/blog/what-is-sustainability.html](http://www.becas-santander.com/en/blog/what-is-sustainability.html)

## **Sustainable competitiveness**

[www.solability.com/sustainable-competitiveness/competitiveness](http://www.solability.com/sustainable-competitiveness/competitiveness)





# You have completed competence area 4, well done!



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PROJECT NUMBER 2021-1-PT01-KA220-VET-000032948



Co-funded by the  
Erasmus+ Programme  
of the European Union